

**PRE-CHOICE EXPECTATIONS OF INTANGIBLES -
HIGHER EDUCATION (HE) INSTITUTIONS**

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ABSTRACT

The purpose of this study was to discover the extent to which value-added intangibles influence decision-making of potential university students in the decision-making phase of institution selection. A survey of 500 commerce students in a large university indicated that they expect the institution to offer intangible, value-added services such as skills essential to entering the workforce, management skills and practices, assistance in English and value-added courses such as leadership, teamwork etc in addition to the established academic program. Results revealed that undergraduate students expect short-listed institutions to provide value-added intangibles that develop them professionally and personally in order to increase their employability in the workplace.

Key words: marketing education, learning environment, resources, student, work integrated learning.

INTRODUCTION

Institutions of higher education are becoming increasingly dependent on corporate sponsorship, private funding and student fees to maintain high standards of curriculum, staff and facilities as they compete to attract new students and to retain the students they already have. While the commercialization of higher education (HE) may compromise education standards (Duderstadt et al. 2005), the marketing management of HE institutions increasingly relies on the strategies, methods and tools that the business world has long adopted (Vrontis et al. 2006). Ivy (2008) approaches HE marketing along traditional marketing theory lines but proposes that the traditional 4P model needs to be extended for HE to a 7P model (people, promotion, price, program, prominence, prospectus, and premiums) to be more effective in attracting HE students.

The major dilemma that HE institutions appear to face is how to integrate increasing numbers of 'necessary' courses into curricula as universities feel the effects of funds cutting and reduced government support. In this climate, many universities, both Australian and international, are having to divest themselves of poorly attended and

poorly funded courses and units as government bodies, boards of management and other statutory bodies demand sound financial practices and returns to make the 'business' viable and self-supporting. (Vedder, R. 2009)

William Simpson (Simpson, W.B., 1991) sounded an early warning to higher education institutions and put forward strategies they could adopt to contain rising costs and still attract students. While many HE marketing researchers (Soutar & Turner, 2002) and (Athiyaman, A. ANZMAC 2000) target academic courses, standards of teaching and teachers and research track records to address this dilemma, other researchers (Coccari, R., Rajshekar, G.J.1995) see non-academic, tangible attributes such as gymnasias, accommodation availability and standards, transport and parking and physical environment as contributing to positive decisions by potential applicants. However, in countries where academic standards of different universities are relatively similar due to standards demanded by statutory education bodies, it would appear that a wider range of intangibles may, in fact, be far more influential in initial student choice of an institution than previously considered. Previous studies have analysed those academic and tangible factors influencing decision-making in choosing a particular higher education (HE) institution in the highly competitive market, but this study indicates that it may not be 'low fees' or 'reduced entry requirements' that may ultimately "sell" the institution.

Intangibles such as *Graduate Attributes* (i.e. skills and qualities desired by employers), *Added Value* courses such as leadership, teamwork and emotional intelligence, and experiential opportunities may not be top of mind when considering those factors that potential HE students take into account in the decision-making phase of choosing an institution for their tertiary studies. However, researchers (O'Brien, E., Deans, K.R.. 1996) cites Jones' concept (1989) of adding value in the educational 'supply chain' by means of technical support and training. While Treleavan and Voola (2008) suggest incorporating graduate attributes into specific academic course structures, this may represent a potentially huge shakeup for established academic courses. It assumes, they argue, that academics expert in specific areas of study are also expert in teaching and enthusiastic about assessing a whole range of skills and qualities not specifically related to their area of expertise.

The present study indicates that the provision of programs that are administratively and procedurally independent of academic courses of study may be attractive to potential students across an institution, enabling them to take up these experiences when, and if, it suits them at any time during their period of study. They are voluntary, not examinable and a bonus for the institution's fee-paying students.

Reynolds (2007) examines some key non-physical 'intangibles' integral to the development program offered at the university he surveyed. However, many of these intangibles also included aspects of academic programs which are not suited for the present study.

OBJECTIVES

The present research specifically examines the expectations prospective students of a university have regarding those non-academic, value-added intangibles the institution offers and the influence these have on their acceptance of the initial university offer.

METHOD OF THE STUDY

A convenience sample of 502 business school students voluntarily completed a five-part survey questionnaire. Students surveyed were representative of the student population for the business school. The first four parts sought students' views about selecting a university, university offers, retention, and rejection of an offer. These were measured on a 7-point Likert scale from 1 'strongly disagree' to 7 'strongly agree'. Part five sought information on students' demographic background. The current paper has addressed the section on university offers to students. Results were analyzed using SPSS. The majority of respondents were females (60.5%), 32.2% in 21 – 22 age bracket, a quarter (25.4%) majored in accounting, over a third (35.2%) were in their 3rd year of studies, 96.6% were undergraduates, 29% were born in Australia, and 48.7% were permanently living in Australia. The eight survey items selected relate to the graduate attributes deemed desirable at the university surveyed, specifically its business school.

RESULTS AND DISCUSSION

Results of this study indicate that the provision of value-added intangibles positively influences potential undergraduates in differentiating short-listed higher education institutions in their final choice of one institution.

The following pages discuss results based on responses from undergraduate students who made up 96.6% of the total respondents (see Appendix 1 for respondent profiles). The eight items intended to measure students' expectations of university offerings showed significant positive bivariate correlations with each other and showed a high Cronbach's alpha (α) value (.85) for internal consistency. The most agreed upon items included skills essential to entering the workforce, management skills and practices, assistance in English and value-added courses. The least agreed upon item was the expectation to provide student clubs (Table 1).

Table 1.

Means* (standard deviations) and inter-item correlations**

Intangible expectations	Means (SD)	1	2	3	4	5	6	7	8
1. Community involvement	4.81 (1.39)	1.00							
2. Assistance in English	5.29 (1.52)	0.42	1.00						
3. Project management skills	5.38 (1.27)	0.38	0.58	1.00					
4. Skills essential to workforce	5.91 (1.23)	0.38	0.44	0.56	1.00				
5. Student clubs	4.37 (1.49)	0.37	0.21	0.21	0.17	1.00			
6. Student life	4.94 (1.42)	0.35	0.31	0.32	0.33	0.62	1.00		
7. Value-added courses	5.14 (1.33)	0.47	0.52	0.55	0.46	0.37	0.44	1.00	
8. Intercultural mixing opportunities	4.92 (1.52)	0.49	0.44	0.39	0.35	0.40	0.46	0.59	1.00

*1 = strongly disagree, 7 = strongly agree; **. Correlation is significant at the 0.01 level (2-tailed); Cronbach alpha (α) .85.

The eight items were factor analysed using Principal Components with Varimax rotation and applying the KMO measure of sampling adequacy, Eigen value 1.00, and factor loading .30. Factor loading criteria .30 was based on Hair et al (2010 p.117) which recommends using this value for sample sizes of 350 or greater. Extraction resulted in two factors accounting for 64.2% of total explained variances and labelled '*career related*' and '*social related*' (Table 2).

Table 2
Rotated Component Matrix ^(a)

	Component	
	Career	Social
Project management skills	.83	
Assistance in English	.78	
Skills essential to entering workforce	.76	
Value-added courses	.67	.43
Community involvement opportunities	.52	.46
Student clubs		.89
Student life		.81
Opportunities for intercultural mixing	.49	.58
Eigen value	3.94	1.20
% Variance explained	49.20	14.96
Cronbach's alpha (α)	.82	.74

^(a) Principal Components Analysis with Varimax Rotation; KMO (MSA) 0.85.

SIGNIFICANCES OF DIFFERENCES

The eight scale items with significant positive correlations ($\alpha = .85$) were found to be represented by two dimensions, namely, career and social dimensions that accounted for 64% of variance in expectation of the institution. These eight items have a high α value (.85) indicating internal consistency. They all correlate with one another significantly with most values ranging from .31 to .59. Mean scores range from high (5.91) to low (4.37), that is from 5.91 (skills essential to enter the workforce) to 4.37 (student clubs). As can be seen from Table 1, the values of intangibles students expect in institutions: (1) workforce skills (2) Project management (3) English assistance (4) value-added courses (5) student life are the top five intangible attributes students expect from their chosen institution. Moreover, students also expect the institution to assist them in community involvement and intercultural mixing. Even if these results are lower, they are significant because they are above 4.5. Interestingly, results show that student clubs are not listed as significant in student expectations (4.37)

Gender or major area of studies did not show significant differences between groups; the study found however age, year of study, country of birth, and country of usual residence recorded statistically significant differences between groups on the *career* and/or *social* component. Independent samples *t-test* results indicated participants in the ≤ 20 years of age scored a significantly lower mean (mean 5.14) on the career component compared with the ≥ 21 years of age group (mean 5.42) ($t = -2.96$; $p < .01$).

The one-way between groups ANOVA tests indicated statistically significant differences for year of study, country of birth, and country of residence on career and social components (Table 3). For the career component, both second year and Australian students scored significantly lower mean scores. This may suggest that, for junior students or those born in Australia, career options may not necessarily be an issue. On the other hand, senior students or those born overseas were more likely to expect the university to offer non-academic, value-added intangibles such as those that would lead to career opportunities. On the social component, students born or permanently resident in other countries were more likely to expect the university to offer value-adding intangibles compared with students born in or permanently resident in Australia.

Table 3
Mean Differences for Group

Component	Demographics	Group differences	F-value
Sig.			
Career	Year of study	2 nd year < 3 rd year	3.88
.021	Country of birth	Australia < all others	13.82
.000	Country of residence	Australia < all others	7.02
.000			
Social	Country of birth	Australia < all others	9.12
.000	Country of residence	Australia < all others	6.97
.000			

CONCLUSION

Results of this study indicate that expectations held by potential undergraduate students that value-added intangibles will be provided by universities are influential in the pre-choice stage of selecting an institute of higher education. According to these results, present and future students expect added-value products and have definite views on what extras are important to them. Relevant literature supports these findings. It is suggested that higher education institutions may prevent some reduction in enrolments by offering more value for the same financial outlay. The study posits

that the 'extras' offered need not only be to complement excellent academic programs but also to include relevant professional and personal development options to enhance those qualities expected by employers in recent graduates as indicated in the institution's five year strategic plan (Curtin University Strategic Plan 2009 – 2013).

Whatever limited literature is available on this topic does not address the specific types of intangibles this study seeks to address. One of the limitations of this study is the relative paucity of literature available on the influence of intangible attributes and the fact that the available literature does not address the specific variables treated in this study. The five top rating essential attributes mentioned in the study have been identified for further investigation. In a buyer's market, higher education institutions need to be cognisant of consumer trends towards the expectation of a full university experience that also virtually guarantees the students a well-paid job in their area of study on graduation. According to this present study, those higher education institutions that do offer value-for-money in terms of added-value intangibles are likely to appeal more strongly to the cohort of future, potential undergraduates and gain a higher rate of acceptance of university offers.

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Appendix 1

Profiles of respondents (N = 483)

Demographic Characteristics			Frequency	Percent
Gender	Male		189	39.2
	Female		293	60.8
Age group	≤20	years	227	47.3
	≥ 21 years		253	52.7
Year of study	First	year	145	30.0
	Second	year	150	31.1
	Third year +		188	38.9
Major areas of studies	Accounting	majors/minors	323	67.3
	Other majors/minors		157	32.7
Country of birth	Australia		142	29.8
	Asia		265	55.7
	Other		69	14.5
Usual residence	Australia		234	49.4
	Asia		203	42.8
	Other		37	7.8